



# STATE OF CONNECTICUT **RETIREMENT SECURITY BOARD**

## **HB 5591: AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM**

A bill now before the state legislature would create a retirement savings program for private-sector workers who currently have no access to a workplace savings plan.

*There are*  
**Nearly 600,000**

*working people in Connecticut with no access to workplace-based retirement savings* and that number is growing. An entire generation of lifelong hardworking middle class people is headed to retirement financially unequipped.

This is a very serious problem, not only for those individuals and families forced to delay retirement indefinitely, but for our entire state economy.

### **Do we need a PUBLIC-SECTOR solution or a PRIVATE-SECTOR solution?**

A private-sector solution should be the first answer to the retirement security crisis – however, the private market has simply failed to reach nearly half of our workforce, despite their efforts. Half of Connecticut employers not offering any retirement plan said they would select a private-market option if the program is implemented – so it would actually increase business in the private market. The goal is not to compete with or replace the private market, but to fulfill a significant unmet need in the market.

**more info:** [www.osc.ct.gov/CRSB](http://www.osc.ct.gov/CRSB)

## **MATTER of FACT**

*What would the retirement savings program do?*

- The proposal – based on almost two years of market research, public hearings, meetings and broad input from employers, potential participants and representatives of the financial sector – would create a retirement savings program for private-sector employees.
- A new quasi-public agency – one that is financially self-sustained (NOT taxpayer sustained) – would oversee the program through contracts with private-sector companies.
- Businesses would offer this program or their own through the private market. Employee participation in the plan would be strictly voluntary (they would be automatically enrolled, but could opt out if they choose).

## **MYTH BUSTERS**

*What does the proposal NOT do?*

There is a great deal of misinformation about this proposal, so let's set the record straight: The program would NOT be mandatory for businesses with fewer than five employees or those that already offer a workplace-based retirement savings option.

- It would NOT require that employers contribute to the program, only that they provide a payroll deduction mechanism for employees to contribute.
- It would NOT be paid for by taxpayers.

### **“But anyone can get an IRA!”**

Any employee without a workplace-based savings mechanism can simply walk into a financial institution and establish an independent retirement account on their own – but they are not. That would happen in an ideal world – but in the real world it's simply not happening for a variety of reasons, including cost and misunderstanding of the financial industry. It is a plain and research-proven fact that retirement savings rates vastly increase when available through payroll deduction.